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SUBJECT: REGIONAL APPOINTMENTS BALANCE BUSINESS INTERESTS

REF: YEKATERINBURG 0075

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¶1. (SBU) Summary: Newly-appointed Sverdlovsk oblast governor Aleksandr Misharin outlined his priorities for journalists in a two-hour press conference on December 25. His initial appointments to the regional government reflect his emphasis on improving Sverdlovsk oblast's infrastructure and a balancing of interests between the region's most powerful industrial groups. Consul General discussed the new governor's initial actions over lunch with local political analysts on December 25. End Summary.

¶2. (SBU) At his inaugural press conference, Misharin enumerated the following priorities for the region: improve overall energy efficiency; create a transportation and logistics hub; introduce "innovation" into the economy; develop an employment program; implement the federal "monocities" program. To manage these tasks, he has elevated Minister of Economics Mikhail Maksimov to first deputy chairman of the regional government. The 35-year old Maksimov, who has a reputation as an innovative manager, is one of a handful of holdovers to retain his ministerial portfolio from the outgoing administration of former Governor Eduard Rossel. In 2007, Maksimov was tabbed by Rossel as economics minister after his successful management of Yekaterinburg's Koltsovo Airport construction project. The principal investor in the airport construction project was the Renova Group owned by oligarch Viktor Vekselberg, who wields significant economic power in the region.

¶3. (SBU) Misharin's emphasis on transportation, especially railroads, was clear in his appointment of 28-year old Konstantin Koltonyuk as Minister of Finance, which most local analysts considered a surprise, given his age and background in engineering. Koltonyuk worked in the Russian Ministry of Transportation and later the Department of Industry and Infrastructure in the Presidential Administration, both of which were in Misharin's purview during his years in Moscow (Ref A). Family and industry connections most certainly played a role in this appointment: Koltonyuk's father is highly placed in a company that builds and maintains railroad infrastructure facilities and equipment.

¶4. (SBU) The interests of industrialist Dmitriy Pumpyanskiy, owner of the Sinara group, a major regional conglomerate, were also taken into consideration. One of his former associates was named to a post in the new administration. Misharin's emphasis on infrastructure also caters to a part of Pumpyanskiy's business: he owns a factory that produces modern locomotives just outside of Yekaterinburg. Prime Minister Putin visited the factory earlier this month. In addition, the new Minister of Industry and Science, Aleksandr Petrov, who heads a company that produces industrial ovens, is said to satisfy the expectations

of the metallurgy and machine-building sectors.

¶ 15. (SBU) Two other appointments deserve mention: Misharin established a new Ministry of Information technology to be headed by Irina Bogdanovich, the first woman appointed to his cabinet. The new ministry is to promote computer and Internet technologies, develop distant learning and virtual communication projects in remote areas. Our contacts characterized IT infrastructure in Sverdlovsk oblast as relatively underdeveloped, despite the region's wealth and economic strength. As a final note, the new Minister of Agriculture is Ilya Bondarev, the former deputy minister of natural resources who is a 2009 USG program alumnus.

¶ 16. (SBU) Our interlocutors unanimously agreed that Misharin is Putin's man. After all, Misharin was Putin's regional presidential campaign manager in 2004. They believed that the delay and procedural confusion that preceded the Misharin's appointment were due to bureaucratic infighting between the Presidential Administration and the Prime Minister's office rather than a conflict between President Medvedev and Putin over the nominees. Further, none of our contacts felt that the region's relatively "liberal" atmosphere cultivated by Rossel over the years would change. They saw no prospect for the imposition of constraints on civil society under the new governor. Misharin's early appointments, which draw heavily from the transport sector, especially the railroads, demonstrate a strong preference for the familiar and show deference to the interests of the region's key economic players and industries.

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